

Message Text

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15

ACTION ABF-01

INFO OCT-01 EUR-06 NEA-05 ISO-00 FSE-00 OPR-02 A-01 OMB-01

TRSE-00 /017 W

----- 028089

R 190834Z NOV 73

FM AMEMBASSY KABUL

TO SECSTATE WASHDC 5845

INFO AMEMBASSY PARIS

USIA WASHDC

UNCLAS KABUL 7969

PARIS FOR RFC

USIA FOR IOA/BSA

E.O. 11652: N/A

TAGS: AFIN, AF

SUBJECT: DOLLAR POWER II - FOR BP

REF: STATE 151990

A. NEW EXCHANGE RATE FOR OFFICIAL TRANSACTIONS
EFFECTIVE NOVEMBER 17 AF54.00 EQUAL \$1.00.

B. REASON FOR APPRECIATION OF DOLLAR VIS-A-VIS
AFGHANI NOT CERTAIN. CONTRIBUTING ELEMENTS IN-
CLUDE (1) DELIVERY OF NEW SUPPLY OF AFGHANI NOTES
FROM FOREIGN SUPPLIES ENDED ACUATE SHORTAGE OF
LOCAL CURRENCY, (2) INCREASE DEMAND FOR FOREX
CAUSED BY BACKLOG OF DEMAND FOR IMPORTED GOODS.

WHICH IS BEGINNING TO SQUEEZE IMPORT PERMIT
OUT OF THE GOA MACHINERY AND (3) FAILURE OF GOA TO ISSUE
FOREIGN EXCHANGE REGULATIONS. EASING FEARS THAT EXTREME,
RIGID. DOCTRINAIRE RULES (ESPECIALLY FIXED RATE OF
AFS45/\$) WILL BE ADOPTED. MONEY MERCHANTS NOW SEE
ISSUE AS UNDER SERIOUS GOVERNMENT STUDY. AND BELIEVE
STUDY WILL FORCE ADOPTION OF REALISTIC REGULATIONS.

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PERMITTING OPERATION OF SOMEWHAT FREE MARKET. THERE-

FORE THEY ARE EDGING BACK TOWARD A RATE MORE CLOSELY
APPROXIMATING A WORLD RATE.

C. NEW EXCHANGE RATE FOR PERSONAL TRANSACTIONS EFFEC-
TIVE NOVEMBER 17 AF54.00 EQUAL \$1.00.

D. SAME AS B.

E. EMBASSY UNABLE AT THIS TIME TO PREDICT WHETHER UP-
TURN WILL CONTINUE. ANTICIPATION OF GOVERNMENT ACTION
REMAINS THE DECIDING FACTOR, WHICH MEANS THAT EXCHANGE
RATE WILL CONTINUE SUBJECT TO ALARMS AND UNCERTAINTY (AND
EXCURSIONS) UNTIL GOA EXCHANGE REGULATIONS ARE FINALLY
ISSUED. ELIOT

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KABUL07969
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: KABUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731126/aaaaassx.tel
Line Count: 75
Locator: TEXT ON-LINE
Office: ACTION ABF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 151990
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 29 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29-Jan-2002 by chappeld>; APPROVED <08 FEB 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DOLLAR POWER II - FOR BP
TAGS: AFIN, AF
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005